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IN THE

# Supreme Court of the United States

OCTOBER TERM, 1946.

No. 1180

BROOKS CLOTHING OF CALIFORNIA, LTD., a corporation,
*Petitioner,*

*vs.*

BROOKS BROTHERS, a corporation,
*Respondent.*

## PETITION FOR WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE NINTH CIRCUIT AND BRIEF.

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No. .....

BROOKS CLOTHING OF CALIFORNIA, LTD., a corporation,
*Petitioner,*

*vs.*

BROOKS BROTHERS, a corporation,
*Respondent.*

## PETITION FOR WRIT OF CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE NINTH CIRCUIT.

*To the United States Supreme Court:*

Petitioner, Brooks Clothing of California, Ltd., respectfully prays that a writ of certiorari be issued to review the judgment of the United States Circuit Court of Appeals for the Ninth Circuit entered January 9, 1947, affirming the judgment and decree of the District Court of the United States, Southern District of California, Central Division, entered July 16, 1945.

## Statement of the Matters Involved.

This litigation arises in connection with allegedly conflicting use of the personal surname "Brooks" by a prior user Brooks Brothers, of New York, and by the subsequent user—for over 23 years—Brooks Clothing of California, Ltd. Respondent asserts claims under the so-called Federal Trade Mark Statute, supplemented by a claim of unfair competition.

The decision below presents what petitioner believes to be a wholly erroneous application of the Statute, despite the clarification given to it, and rights and powers under it, by this Court in the *Kellogg*[1] and *Armstrong*[2] decisions.

The case involves almost all of the principles of unfair competition including trade mark. Notwithstanding the legion of reported cases, counsel do not hesitate to represent to this Court that in all unfair competition and trade mark jurisprudence, no decision goes so far in appropriating to a prior user of a name, the business and good will of another who has been found by the trial court to have fortuitously hit upon a similar name; and who, for more than 23 years, without fraud, deception or palming-off and without damage to respondent, has built up in California alone a larger business than the prior user of the similar name has throughout the world.

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[1]*Kellogg Co. v. National Biscuit Co.*, 305 U. S. 111, 59 Sup. Ct. 109, 83 L. Ed. 73 (1938).

[2]*Armstrong Paint & Varnish Works v. Nu-Enamel Corporation*, 305 U. S. 315, 59 Sup. Ct. 191, 83 L. Ed. 195 (1938).

We had thought prior to the decision below that it was well established, although not without conflict, that federal registration under the Trade Mark Act of 1905 conferred no substantive rights.

*United Drug Co. v. Rectanus Co.*, 248 U. S. 90, 99, 39 Sup. Ct. 48, 51, 63 L. Ed. 141, 146 (1918);

*Kellogg Co. v. National Biscuit Co.*, 305 U. S. 111, 59 Sup. Ct. 109, 113, 83 L. Ed. 73, 78 (1938);

*Armstrong Paint & Varnish Works v. Nu Enamel Corporation*, 305 U. S. 315, 322, 59 Sup. Ct. 191, 195, 83 L. Ed. 195, 200 (1938);

*Emerson Elec. Mfg. Co. v. Emerson Radio & Phonograph Corp.*, 105 F. (2d) 908, 910 (C. C. A. 2d, 1939);

*Selchow & Righter Co. v. Western Printing & Lithographing*, 142 F. (2d) 707, 709 (C. C. A. 7th, 1944).

*Contra:*

*Philco Corporation v. Phillips Mfg. Co.*, 133 F. (2d) 663, 668 (C. C. A. 7th, 1943).

Yet the District Court's decision, in favor of the respondent, affirmed by the Circuit Court of Appeals, held and was premised on the misconception that substantial legal rights were allegedly conferred by the federal statute and that a trial court was not authorized to impose qualified rather than absolute relief [R. 67, 89, 126].

Obviously, this is not so. The Trade Mark Act confers on the holder of a trade mark what amounts to pro-

cedural advantages, plus some possible evidentiary presumptions. But the protection extended in cases involving trade mark, just as in cases involving unfair competition, is neither absolute nor all-enveloping. The owner of a trade mark is entitled to be protected against the likelihood of another palming-off his wares as the wares of the holder of the trade mark; and the public is entitled to be protected against the likelihood of being deceived into purchasing the product of an infringer when intending to patronize the trade mark holder. However, infringement does not, *per se,* call for absolute injunctive relief; it only calls for protection fairly apportioned to the necessities of protection to the public and to the trade mark holder.

This accepted principle, the trial court below failed to enunciate. On the contrary, it was the conclusion of the trial court that since respondent's trade mark was infringed, and regardless of the equities, a full and all-covering injunction must follow, and that the law applicable would not permit qualified relief. As the law was interpreted below, petitioner was not permitted so to change and modify its trade name and designation as to extend fully that proper protection to respondent and to the public which a true interpretation of the Trade Mark Act and the law attending fair competition required; and, at the same time, save petitioner from destruction of its business.

The case, therefore, becomes analogous to a number of cases recently considered by this Court, such as, *Jacob*

*Siegel Co. v. Fed. Trade Comm.*,[3] in which the Federal Trade Commission erroneously arrived at the conclusion that it could not grant qualified relief in a similar case, and in which this Court pointed out in reversing, that it is the sense of the law to protect trade names as valuable assets of a business and that their destruction should not be ordered if less drastic means will accomplish the necessary protection. This purpose the Court said the Commission had erroneously failed to effectuate. Exactly the same condition exists here. The trial judge in a sense held that the law and the rights of respondent did not permit him to extend qualified relief and he therefor gave the subject no further consideration [R. 126]. But neither the rights of respondent nor the law applicable to trade marks and unfair competition really so limited

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[3]327 U. S. 608, 66 Sup. Ct. 758, 90 L. Ed. (Adv. Ops.) 697 (1946). The Court stated therein:

"As applied to this particular type of case, it is whether the Commission abused its discretion in concluding that no change 'short of the excision' of the trade name would give adequate protection. Federal Trade Commission v. Algoma Lumber Co., *supra*, 291 U. S. 81, 82, 78 L. ed. 664, 54 S. Ct. 315). The issue is stated that way for the reason that we are dealing here with trade names which, as Federal Trade Commission v. Royal Mill Co., *supra* (288 U. S. 217, 77 L. ed. 706, 53 S. Ct. 335), emphasizes, are valuable business assets. The fact that they were adopted without fraudulent design or were registered as trade-marks does not stay the Commission's hand. . . . But the policy of the law to protect them as assets of a business indicates that their destruction 'should not be ordered if less drastic means will accomplish the same result.' Federal Trade Commission v. Royal Mill Co., *supra* (288 U. S. 217, 77 L. ed. 706, 53 S. Ct. 335). The problem is to ascertain whether that policy and the other policy of preventing unfair or deceptive trade practices can be accomplished."

the power of the trial court, and as a result, petitioner was denied the application of the salutary rule involved in the doctrine of qualified injunction in this class of case.

The importance, therefore, of definitely establishing and crystallizing the rules of law guiding lower courts in considering this important principle of the trade mark and unfair competition law, would seem manifest; and this Court should exercise and supervise jurisdiction in the same way and for the same purpose that it has already done so in the cases cited and in which this Court has sought to make plain the rules of law to be followed.

Furthermore, we had thought prior to the decision below that it was well established beyond question in this Court and in other circuits that trade mark cases were just as much affected by the equities and conflicting interests as were unfair competition cases.

*Emerson Electric Mfg. Co. v. Emerson Radio and Phonograph Corp.*, 105 F. (2d) 908 (C. C. A. 2d, 1939);

*S. C. Johnson & Son v. Johnson*, 116 F. (2d) 427 (C. C. A. 2d, 1940);

*Dwinell-Wright Co. v. Whitehouse Milk Co.*, 132 F. (2d) 822 (C. C. A. 2d, 1943).

The decision below conflicts materially with the decisions in other circuits. The District Court (its language adopted by the Circuit Court of Appeals) held with its own emphasis added that *"the doctrine of balancing of interests is more adequate as an explanation of what a court did in a particular case than as a guide to the court in doing it,"* [R. 86-7], and that the bare legal rights

of trade mark registration was sufficient to afford respondent a drastic and unqualified injunction [R. 89]. Had either the trial court or appellate court discharged its manifest duty, at the very least, qualified relief only would have been granted whereby each party retained its business and goodwill, and protection was afforded only against possible confusion.

The courts below erred in at least one other important respect.

It has been supposed that under the *Fashion Originators*[4] and *Pecheur*[5] cases it had been made clear that as to unfair competition the local state law applies. Yet, *neither the Circuit Court of Appeals nor the District Court applied the applicable local law to the unfair competition phase of this case*—the applicable local law being California law and not the federal law enunciated in the Ninth Circuit. Had local law been applied or had innumerable decisions in this Court and in other circuits been followed, the courts below would have been compelled to the conclusion that respondent was estopped from claiming unfair competition or trade mark infringement, or at most it was entitled only to a qualified injunction.

In February, 1924, more than 23 years ago, following use commencing in 1923, petitioner's founders (its present stockholders) in good faith, as found by the trial court, duly registered the name "Brooks" for clothing with the Secretary of the State of California. At the

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[4]*Fashion Originators' Guild v. Federal Trade Commission*, 312 U. S. 457, 467, 468, 61 Sup. Ct. 703, 708, 85 L. Ed. 949, 955 (1941).

[5]*Pecheur Lozenge Co., Inc. v. National Candy Co., Inc.*, 315 U. S. 666, 667, 62 Sup. Ct. 853, 86 L. Ed. 1103, 1105 (1942).

time respondent operated no place of business in California and placed no advertising in any California newspaper. From this early beginning of the use by petitioner of "Brooks" in 1924, petitioner grew and developed as a *California* men's and women's clothing chain store to a point where it is an integral part of the community life of Los Angeles, San Diego, Pomona, San Bernardino, Santa Barbara, Fresno and numerous other California cities.

As a result of the failure of the courts below to follow the *Kellogg* and *Armstrong* decisions, as well as the multitude of implementing decisions to the same effect from other courts, petitioner after a successful local business throughout California for more than 23 years, a business which rose, in 1945, to a gross of more than five million dollars annually, is wholly deprived of its trade name, constantly used during its entire corporate life, in favor of a New York clothier, which, by the record, did a mail order business in California in 1924 of only $11,141.90 [R. 1078] and which now does a mail order and sale-by-sample business in California of only $50,000.00 [R. 145].

The fact is, further, that the Circuit Court of Appeals, despite the length of the record, the extensive briefs, and the vital importance of the case to petitioner, the day following oral argument and submission, thought it sufficient to file a *per curiam* opinion simply adopting the first of the trial court's two opinions. This was and is

an exceedingly important case, involving subtle and mixed questions of law and fact; a measured review[6] by the Circuit Court itself might well have been helpful here. It might have given to this Court some informative answer to the query as to how any injunction, or at least how a qualified injunction instead of a destructive absolute prohibition could have been approved in the face of the following definite findings made by the trial court.

The trial court found:

(a) Petitioner adopted its trade name innocently and fortuitously, and without any knowledge of the prior use of such name by the respondent [R. 134, 75].

(b) Entirely through its own "aggressive merchandising methods and . . . business acumen," the petitioner built up its business to where it now owns and operates 15 stores throughout California with sales of more than five million dollars annually, or total sales since 1930 of more than thirty-seven and a half million dollars [R. 136, 137, 139, 140, 86].

(c) Not until 1939 did the respondent have a place of business in California and at about that date it opened offices on upper floors of commercial office buildings, one in San Francisco and one in Los Angeles [R. 144].

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[6]". . . in an appeal in equity we review the facts as well as the law, and the review is a real review and not a perfunctory approval." *Standard Acc. Ins. Co. v. Simpson*, 64 F. (2d) 583, 588 (C. C. A. 4th, 1933), cert. den. 290 U. S. 688, 54 Sup. Ct. 123, 78 L. Ed. 593 (1933).

(d) For more than 23 years petitioner and its predecessor have used "Brooks" as its trade name openly and publicly in its business, in newspapers, national trade papers, and in telephone directories and various listings both in California and in New York, the latter the home of the respondent. During all of these years respondent sent salesmen into California who sold their mail order wares within a few blocks of one of the petitioner's large, modern stores in Los Angeles [R. 144, 145, 146, 147, 858, 706, 707, 736, 859].

(e) Respondent had or was charged with knowledge of the existence of petitioner commencing with 1939, or more than 15 years after the commencement of petitioner's business, but did not bring its action until 1944, *and was guilty of laches* [R. 147, 155].[7]

(f) At no time since petitioner's use of the name "Brooks" has there been any fraud, confusion, diversion, simulation or palming-off [R. 135, 75, 77, 78].

(g) Respondent has suffered no damage as a result of the operations of petitioner under its trade name [R. 135, 86].

The whole point is: the findings of the trial court showed the petitioner to be innocent of any material wrong as that concept applies in the tort law of unfair competition including trade mark. The chief equities were found and are all in favor of petitioner. The error of the learned trial judge was only in the legal conclusions reached, these being contrary to the decisions of this and other Courts.

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[7]Petitioner claims that under the applicable law respondent was charged with knowledge long before 1939 and soon after 1930. *Infra.*

## Jurisdiction.

The judgment of the Circuit Court of Appeals was entered January 9, 1947. The order denying this petitioner's petition for re-hearing was entered February 10, 1947. The jurisdiction of this Court is invoked under Section 240(a) of the Judicial Code as amended by the Act of February 13, 1925 (28 U. S. C. Sec. 347(a)).

## Decisions and Opinions of the District Court.

The original opinion of the District Court in support of its decision is printed in 60 F. Supp. 442 and otherwise appears in the certified record [R. 59]. The second opinion of the District Court in support of its order on objections to proposed findings and on this petitioner's application for modification of the proposed judgment has not been reported but appears in the record [R. 121].

## The Opinion of the Circuit Court of Appeals.

The Circuit Court of Appeals on this petitioner's appeal rendered a *per curiam* opinion, adopting only the district judge's first opinion. The Circuit Court's *per curiam* opinion [R. 1333] has not yet been reported.

## Questions Presented.

1. Whether, under the *Kellogg, Armstrong* and other decisions of this Court, the courts below were not required to hold that respondent's registration pursuant to the Trade Mark Act conferred no substantive rights but only certain procedural advantages.[8]

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[8]The trial judge ruled that federal registration did confer substantive rights [R. 64, 67, 86, 89].

2. Whether federal or state law applies to the fair competition phase of this case and whether the courts below did not err in applying federal law.[9]

3. Whether under applicable law, the findings of the trial court, the laches of the respondent and all the circumstances of this case, do not bar all relief to the respondent and require a reversal of the judgment below.[10]

4. Whether the trial court did not have and should not have exercised its power to grant qualified relief rather than an absolute and destructive injunction against petitioner.

## Statute Involved.

This litigation involves a consideration of the Trade Mark Act of February 20, 1905 (15 U. S. C. Sec. 81 *et .seq.*) as well as the common law principles of unfair competition.

## Specification of Errors To Be Urged.

The Circuit Court of Appeals erred:

1. In affirming the judgment and decree of the District Court.

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[9]The trial judge voiced his own doubt on this question [R. 127].

[10]There is a subordinate question as to what is the test of liability in unfair competition and trade-mark cases—fraud, confusion, diversion, simulation, palming-off or likelihood of confusion? Appellant's position is that whatever the test, a history of 23 years of the absence of any of these elements is conclusive on a trial court that there is no likelihood of confusion. Nevertheless, the trial judge premised his decision on the speculative possibility of future confusion [R. 68, 86].

2. In failing to find error in the District Court's application of the federal law when the proper application of California law would have resulted in a judgment for petitioner or at least in a modification of the judgment below so as to grant only qualified relief.

3. In failing to reverse the judgment and decree of the District Court on the ground that laches, as found, precluded all or any relief to the respondent.

4. In failing to reverse the judgment and decree of the District Court on the ground that its findings cannot as a matter of law support a judgment for the respondent.

5. In failing to modify the judgment of the District Court in view of the findings, equities, and applicable law, so as to afford respondent only qualified relief and limit petitioner's use so as to avoid any possible confusion in the future.

## Reasons for Granting This Petition.

We feel that this case makes it necessary for this Court to reaffirm the principle that federal registration of a trademark or tradename confers only procedural advantages and is subject to the same principle concerning laches and type of relief as in a plain unfair competition case. We feel further that this Court must enunciate in this case, as it did in the *Jacob Siegel* case, that there is power in the trial court to apportion relief so as to avoid drastic destruction of existing businesses and at the same time protect the public interest.

This case also requires this Court's consideration of the *Erie v. Tompkins* rule not only when trademark law alone or unfair competition law alone is involved, but when both together are involved and intermingled. In such situation, there is wide diversity of opinion and confusion among the circuits.[11]

The opinion on which the judgments below are premised runs counter to all the principles of unfair competition and trademark law as established by this Court and other Circuit Courts of Appeals. Yet it is well documented and apparently all-embracing; sufficient, therefore, to lull the Circuit Court of Appeals into summarily adopting it without independent study. In order to reach its conclusions, however, the trial court admittedly had to decide this case within the decisions of the Ninth Circuit in conflict with other circuits, and assertedly (by us) in conflict with decisions of this Court.

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[11]See, Annotation 148, A. L. R. 139, 158-161 (1944); *National Fruit Product Co., Inc. v. Dwinell-Wright Co.*, 47 F. Supp. 499, 502 (D. C. Mass., 1942), aff'd 140 F. (2d) 618 (C. C. A. 1st, 1944); *Philco Corporation v. Phillips Mfg. Co.*, 133 F. (2d) 663 (C. C. A. 7th, 1943).

## PETITIONER'S BRIEF.

### I.

**Federal Registration of a Trade-mark Confers Only Procedural Advantages. The Decisions Below Which Hold That Substantive Rights Had Been Conferred Are Contrary to the Decisions of This Court and of Other Circuits.**

This basic point has already been covered under our heading "Statement of Matters Involved," *supra*.

### II.

**Neither the Circuit Court of Appeals Nor the Trial Court Applied the Applicable Local Law to the Unfair Competition Phases of This Case—the Applicable Local Law Being the Californa Law and Not the Federal Law Enunciated in the Ninth Circuit.**

The trial court expressly stated in its second opinion [R. 127] that the unfair competition phase of the case was decided on federal rather than California law. It is clear that the California decisions do govern.

> *Fashion Originators' Guild v. Federal Trade Commission*, 312 U. S. 457, 467, 468, 61 Sup. Ct. 703, 708, 85 L. Ed. 949, 954, 955 (1941);
>
> *Pecheur Lozenge Co., Inc. v. National Candy Co., Inc.*, 315 U. S. 664, 667, 62 Sup. Ct. 853, 86 L. Ed. 1103, 1105 (1942).

The trial court in its second opinion stated [R. 127]:

> "Coming now to certain specific objections. I arrived at the conclusion that laches bar recovery in a

trademark registration case chiefly on the basis of the decision of the Ninth Circuit Court of Appeals in Golden West Brewing Company v. Milonas & Sons, Inc., 1939, 9 Cir., 104 F. (2d) 880."

The trial court's interpretation of the Ninth Circuit's decision in *Golden West Brewing Company v. Milonas & sons, Inc.*, was wrong. The rule in that case and such cases as *Menendez v. Holt*, 128 U. S. 514, 32 L. Ed. 526 (1888), *govern only where there has been fraud or knowledge by the second user from the inception of its use.* These cases do not apply, as in the instant case, where there is no fraud.

> *Procter & Gamble Co. v. J. L. Prescott Co.*, 102 F. (2d) 772, 780, 781 (C. C. A. 3d, 1939) (collating the cases).

If California law is applied, it must be held that laches bars all relief, where as in this case, the public has been misled or deceived to its damage by the delay in instituting the action and where there are circumstances of estoppel.

> *Cf. Hall v. Holstrom*, 106 Cal. App. 563, 570, 571, 289 Pac. 668, 672 (1930).

In the instant case, the California public will be misled since for twenty-three years they have been doing business with petitioner to the extent of over $37,000,000.00 under the name "Brooks". By the judgment below, this goodwill is in business effect transferred to the respondent. Furthermore, there are "circumstances amounting to . . .

an estoppel", since respondent knew or should have known of petitioner's use since 1930 and by its *confessed*[12] lack of interest permitted petitioner (without in anywise trading on respondent's goodwill) to build up its business under the name "Brooks" until petitioner's business is larger in one state than that of respondent throughout the world.

If California law is applied, the judgment below must be reversed or at least modified. Under applicable California law, the respondent would have been charged with knowledge of petitioner's use of the name long before 1939.

*California Civil Code*, Sec. 19;

*Dolch v. Ramsey*, 57 Cal. App. (2d) 99, 105, 134 Pac. (2d) 19, 22 (1943);

*Barthelmess v. Cavalier*, 2 Cal. App. (2d) 477, 488, 38 Pac. (2d) 484, 490 (1934).

Under applicable California law, the respondent would have been entitled at most to only qualified relief.

*Modesto Creamery v. Stanislaus Creamery Co.*, 168 Cal. 289, 294, 142 Pac. 845, 847 (1914);

*Dodge Stationery Co. v. Dodge*, 145 Cal. 380, 392, 78 Pac. 879, 884 (1904);

*Eastern-Columbia, Inc. v. Waldman*, 77 A. C. A. 505, 507, 175 Pac. (2d) 934, 935 (Dec. 30, 1946).

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[12]R. 711, 654, 655, 623, 684, 664.

III.

**Under Applicable Law, Laches and the Circumstances and Findings in This Case Preclude All Relief to Respondent and Require a Reversal of the Judgment.**

We have established in the point next preceding that the trial court expressly held that its ruling as to the effect of respondent's laches on recovery was based on the Ninth Circuit case of *Golden West Brewing Company v. Milonas & Sons, Inc.*, 104 F. (2d) 880 (1939). We have indicated that the applicable local law compels a different conclusion; also, that the *Golden West Brewing Company* case was either wrong or that case is in conflict with decisions of this Court and those of other circuits. That case and such cases as *Menendez v. Holt*, 128 U. S. 514, 32 L. Ed. 526 (1888), apply only where there has been fraud or knowledge by the second user from the inception of its use. These cases do not apply, as in the instant case, where there is no fraud.

> *Procter & Gamble Co. v. J. L. Prescott Co.*, 102 F. (2d) 772, 780, 781 (C. C. A. 3d, 1939).

See also:

> *Saxlehner v. Eisner & M. Co.*, 179 U. S. 19, 35, 21 Sup. Ct. 7, 13, 45 L. Ed. 60, 74 (1900);
>
> *Creswill v. Grand Lodge*, 225 U. S. 246, 261, 32 Sup. Ct. 822, 827, 56 L. Ed. 1074, 1080 (1912);
>
> *Valvoline Oil Co. v. Havoline Oil Co.*, 211 Fed. 189, 194 (D. C. N. J., 1913);

*Old Lexington Club Distilleries & Warehouse Co. v. Kentucky Distilleries & Warehouse Co.*, 234 Fed. 464, 469 (D. C. N. J., 1924), aff'd 247 Fed. 1005 (C. C. A. 3rd, 1918);

*Frances Milling Co. v. Washburn-Crosby Co.*, 3 F. (2d) 321, 325 (D. C. N. Y., 1925).

Had the trial court applied the California state law or the federal law as enunciated in other circuits it would have been compelled to find that respondent had knowledge of petitioner's use of the name "Brooks" soon after 1930.

Petitioner's existence and acts, far from being a secret, for years have been publicized on the radio, in newspapers and billboards throughout California. It has been listed in telephone books in New York and shown on signs on Fifth Avenue and Broadway, New York. It has been listed in trade papers with national circulation, several copies of which had been received by the respondent's officers over a period of at least 25 years [R. 719, 720, 736]. Furthermore, respondent's salesmen visited California twice a year beginning in 1930 [R. 706-7].

Under these circumstances and many other record facts, it violates common sense to believe that respondent did not know of petitioner's use of the name before 1939.

It must be noted that in this Court and in circuits other than the Ninth, recovery will be barred not only by actual knowledge by a prior user of a subsequent use, but also if, by the exercise of ordinary diligence the modern merchant

should have known or could not have helped knowing of the alleged wrongful use.

*French Republic v. Saratoga Vichy Co.*, 191 U. S. 427, 436, 24 Sup. Ct. 145, 146, 48 L. Ed. 247, 252 (1903);

*Creswill v. Knights of Pythias*, 225 U. S. 246, 262, 32 Sup. Ct. 822, 827-8, 56 L. Ed. 1074, 1081 (1912);

*United Drug Co. v. Rectanus*, 248 U. S. 90, 103, 39 Sup. Ct. 48, 52, 63 L. Ed. 141, 148 (1918);

*C. B. Fleet Co. Inc. v. Mobile Drug Co.*, 284 Fed. 813, 815 (C. C. A. 5th, 1922);

*Dwinell-Wright Company v. White House Milk Company*, 44 F. Supp. 423, 52 U. S. P. Q. 578 (D. C. N. Y., 1942);

*Valvoline Oil Co. v. Havoline Oil Co.*, 211 Fed. 189, 194 (D. C. N. J., 1913);

*Procter & Gamble Co. v. J. L. Prescott Co.*, 102 F. (2d) 773, 781 (C. C. A. 3d, 1939); cert. den. 308 U. S. 557, 60 Sup. Ct. 80, 84 L. Ed. 468 (1939);

*Whittmore Bros. Corp. v. Ramsey*, 300 Fed. 576 (D. C. Mass., 1924).

Actually the real reason for respondent's delay in bringing action for more than twenty years was, as its president indicated—that respondent just was not interested in its competitors, considered that Brooks Brothers was in a class by itself, and certainly was not interested in competitors not located in the immediate vicinity of its New York place of business [R. 711, 654, 655, 623, 684, 664].

Most of what we have so far urged has ben so well expressed by the English Justice Eve in *Cordes v. R. Addis and Son*, 40 R. P. C. 133, Ch. Div. 1923, that we take

the liberty of reproducing liberal portions thereof in the footnote.[18]

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[18] "For the purpose of determining this issue I must assume that the plaintiffs are traders who have started in this more or less small way in this country, and have been continuously carrying on this business. But I must assume also that they have not, during that period, been adopting a sort of Rip Van Winkle policy of going to sleep and not watching what their rivals and competitors in the same line of business were doing. I accept the evidence of any gentleman who comes into the box and gives his evidence in a way which satisfies me that he is speaking the truth when he says that he individually did not know of the existence of a particular element or a particular factor in the goods marketed by his opponents. But the question is a wider question than that: Ought not he to have known: is he entitled to shut his eyes to everything that is going on around him, and then when his rivals have perhaps built up a very important trade by the user of *indicia* which he might have prevented their using had he moved in time, come to the Court and say: 'Now stop them from doing it further, because a moment of time has arrived when I have awakened to the fact that this is calculated to infringe my rights'? Certainly not. He is bound, like everybody else who wishes to stop that which he says is an invasion of his rights, to adopt a position of aggression at once, and to insist, as soon as the matter is brought to his attention, or as soon as, in the opinion of the Court, it ought to have come to his attention, to take steps to prevent its continuance; it would be an insufferable injustice were the Court to allow a man to lie by while his competitors are building up an important industry and then to come forward, so soon as the importance of the industry has been brought home to his mind, and endeavor to take from them that of which they had legitimately made use; every day which they used it satisfying them more and more that there was no one who either could or would complain of their so doing. The position might be altogether altered had the user of the factor or the element in question been of a secretive or surreptitious nature; but, when a man is openly using, as part of his business, names or phrases, or other elements, which persons in the same trade would be entitled, if they took steps, to stop him from using, he gets in time a right to use them which prevents those who could have stopped him at one time from asserting at a later stage their right to an injunction. In this case I am quite satisfied on the evidence that this has been the case; that there has been a user of these factors or elements, of which the Plaintiffs mainly complain, for a length of time and in circumstances which at this date disentitle them, even if I had found the facts differently, to the relief which they claim."

## IV.

## At Most Respondent Was Entitled to a Qualified Injunction Only.

Again, this Court will find, upon analysis, that the decisions below run counter to the applicable California state law (and even the federal law in circuits other than the Ninth) which is that in the absence of fraud a prior user is only entitled to qualified relief.

*Eastern-Columbia, Inc. v. Waldman,* 77 A. C. A. 505, 507, 175 Pac. (2d) 934, 935 (Dec. 30, 1946);

*Modesto Creamery v. Stanislaus Creamery Co.,* 168 Cal. 289, 294, 142 Pac. 845, 847 (1914);

*Dodge Stationery Co. v. Dodge,* 145 Cal. 380, 392, 78 Pac. 879, 884 (1904);

52 *Am. Jur.* 642, Sec. 171.

It was the Circuit's as well as the District Court's duty to fully consider and balance the equities and the conflicting interests. "An appeal in equity imports a broad power of revision."

*Radio Corporation of America v. Radio Engineering Laboratories, Inc.,* 293 U. S. 1, 9, 54 Sup. Ct. 752, 756, 79 L. Ed. 163, 169 (1934);

*National Manufacture & Stores Corp. v. Whitman,* 93 F. (2d) 829, 831 (C. C. A. 4th, 1938);

*Grove Laboratories v. Brewer & Co.,* 103 F. (2d) 175, 178 (C. C. A. 1st, 1939).

This duty, therefore, required a determination that qualified relief, whereby each party retained its business

and goodwill and was protected only against possible confusion, was more than sufficient.

> *Jacob Siegel Co. v. Fed. Trade Comm.*, 327 U. S. 608, 66 Sup. Ct. 758, 90 L. Ed. (Adv. Ops.) 697 (1946);
>
> *American Waltham Watch Co. v. United States Watch Co.*, 173 Mass. 85, 87 (1899), Holmes, J.;
>
> *Socony-Vacum Oil Co. v. Oil City Refiners*, 136 F. (2d) 470, 475 (C. C. A. 6th, 1943).

Prior to the rendition of judgment, the petitioner offered to accept a form of judgment which would protect the respondent without irreparably injuring the petitioner [R. 110-113]. Upon respondent's objection, the petitioner's offer by way of petition was denied by the trial court which rendered its memorandum decision or second opinion on July 16, 1945 [R. 121-128].

Despite the speculative conclusion of the trial judge, the fact that there has been no confusion or diversion for twenty-three years, and where there is no fraud, indicates that there will be no confusion or diversion for the next twenty-three years.

> "While it is not necessary to prove actual deception and it is enough to show that there is a likelihood of purchasers being misled, still the very fact that there was actually no confusion all during that time (7 years) is a strong indication that there will be no confusion in the minds of the public in the future."
>
> *Kauffman v. Matezak*, 55 U. S. P. Q. 238, 244 (Pa. Ct. of Com. Pleas, 1942).

". . . we believe there was no such probability (of confusion). In so concluding, we are indeed confirmed by the inability of plaintiff, despite its diligence, to procure satisfactory evidence on that issue. The issue in such a case as this is 'whether an appreciable number of prospective purchasers of the goods . . . are likely' to be confused. 'That a few particularly undiscerning prospective purchasers might be so misled is not enough.'"

*Eastern Wine Corporation v. Winslow-Warren Ltd. Inc.*, 137 F. (2d) 955, 960 (C. C. A. 2d, 1943); cert. den. 320 U. S. 758, 64 Sup. Ct. 65, 88 L. Ed. 452 (1943).

If, however, confusion is *possible*, respondent is entitled only to that protection which will prevent such deception. At most, the relief granted should be directed to that end and not to punishing a petitioner found wholly innocent of any wrongdoing.

## Conclusion.

In this case, the courts below have not only misapplied the principles laid down in the *Kellogg* and *Armstrong* cases as regards the limitations of federal trade mark registration and the use of descriptive or personal names as trade marks and trade names, but they have wholly and expressly disregarded the *Erie v. Tompkins* rule as regards respondent's claim of unfair competition, despite the decisions of this Court in the *Fashion Originators* and *Pecheur* cases.

This case should be reviewed by this Court, furthermore, because the decision below conflicts with the decisions of this and other Courts on the issue as to whether

laches bars all relief or just recovery of damages, and on such other issues as constructive knowledge, the balancing of interests, and the right to qualified instead of destructive relief.

Finally, we think this case ought to be reviewed by this Court, because we think that the bare recital that the judgment below completely and unqualifiedly enjoined a large popular California chain store from using a trade name which it had used for over 23 years, indicates that more than one decision of this Court must have been ignored or misunderstood. Certiorari should be granted and this case reviewed to prevent an obvious and gross injustice to a petitioner who stands to lose its trade name, business and goodwill built up (in the trial court's own words) entirely through its own aggressive merchandising methods and business acumen.

Respectfully submitted,

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IN THE

# Supreme Court of the United States

OCTOBER TERM, 1946

No. 1180

BROOKS CLOTHING OF CALIFORNIA, LTD.,
Petitioner,

—against—

BROOKS BROTHERS,
Respondent.

## BRIEF OF RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

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—against—

BROOKS BROTHERS,
Respondent.

## BRIEF OF RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

### STATEMENT.

We are adding this brief statement of the case to supplement the statement of the petitioner.

### FACTS.

The plaintiff Brooks Brothers is the oldest clothier in the United States. The business was founded in New York City in 1818 by Henry Sands Brooks. Ever since one or more of his descendants have been directly interested in the business. His great-grandson, Winthrop H. Brooks, is the present Chairman of the Board of Directors. The word "Brooks" has continuously been used as part of its trade marks and names. From 1818 to 1850 the firms of Henry S. Brooks and Son, Henry Brooks & Co., and H. D. H. Brooks &

Co., used the mark "Brooks". In 1850 the firm of Brooks Brothers was formed and in 1903 was incorporated under the same title. No one of the name of Brooks has ever been interested in the business of the defendant. During the year 1923 the predecessor of defendant, the firm of H. Greenberg and Company was formed and did business in Los Angeles under the style of Brooks Clothing Company. The firm was composed of four brothers, Harry, John, Emanuel and Albert Greenberg. In 1930 the firm was incorporated and these four Greenberg brothers succeeded to the business of said firm. In 1930, the same year, defendant knew of plaintiff (R. 809, 848, 849). In April 1933 the merchandising policy of defendant was changed (R. 764) and the new policy included higher priced suits and the addition of haberdashery and uniforms (R. 763, 776, 815). All of its expenditures in the modernization of its business have been with full knowledge of the business of plaintiff. Its new stores in better locations have been opened since 1930 (R. 137). In 1935 Harry Greenberg knew plaintiff was sending its sales representatives to Los Angeles (R. 983), and it was during this year that the improvements upon the store fronts of defendant began (R. 761, 812, 813). The defendant therefore, long before its business became substantial, learned that the use of Brooks in the clothing business might be likely to interfere with the old and well known name of plaintiff.

Sales by the predecessors of plaintiff in California under the trade-mark "Brooks Brothers" have been as early as 1850. As early as 1849 one of its predecessors advertised it had on hand a large stock of ready made clothing suitable for the California trade (R. 421, 963). A mail-order department has always been maintained and such sales to California residents have been continuous and continual (R. 398, 518). The record shows a constant increase in business in California under the mark. In 1930 it began sending its salesmen into California, and during the years 1930 to 1939 these sales totalled $436,077 (R. 516). In 1939 it opened

sales offices in Los Angeles and San Francisco; and from the former alone its annual sales are about $90,000 (R. 260).

During the years 1915 to date it has continuously advertised its Brooks Brothers clothing in magazines of national circulation (R. 1022-1051), since 1917 Christmas and other catalogues have been mailed throughout the United States (R. 518, 519, 520). By the year 1921 the business of respondent had reached such a position of prominence and reputation in the clothing industry that *Men's Wear*, a leading clothing publication, ran a series of unsolicited articles upon it and its long business history (R. 1058-1065); and in 1924 this periodical showed a picture of the overcoat worn by President Lincoln at the time of his assassination which bore the "Brooks Brothers" label of plaintiff (R. 419). The courts below held this long national use established a secondary meaning for the mark as well as priority of use in California.

In 1915 respondent registered "Brooks Brothers" under the "ten-year proviso" of the Act of February 20, 1905 and this certificate was renewed in 1935. In 1923 petitioner registered "Brooks" under said Act and on March 11, 1944 this certificate was cancelled upon petition filed by respondent. Thereafter this bill was filed in April 1944. The District Court decree found defendant guilty of trade-mark infringement and unfair competition and enjoined as to both. This was unanimously affirmed by the Ninth Circuit Court of Appeals. The opinion of the District Court will be found at R. 59-106; it is reported in 60 F. Supp. 442. The affirmance by the Circuit Court will be found at R. 1333; it is reported in 158 F. 2d 798. Other facts which we consider important will be referred to in our argument.

## ARGUMENT.

This case does not involve any special or important reasons for the granting of the petition. All elements of trademark infringement and unfair competition have been shown by a preponderance of competent evidence. Additionally, the courts below applied law which is in full accord with the settled law of this Court and the state courts of California. Respondent has shown definite priority of use for its mark and has shown it is known by the nickname "Brooks", the use of this word by defendant being a direct simulation for identical goods, clothing.

We contend neither court placed undue emphasis upon the federal certificate of respondent. The Trial Judge in stating: "It confers substantial rights on registrants under it" (R. 67) stated further that, "Among the most important of these is 'to prohibit the use of it so far as to protect the owner's good will against the sale of another's product as his.' *Prestonettes, Inc.* v. *Coty,* 1924, 264 U. S. 359, 368." Moreover, the Trial Court pointed out that registration permits the recovery of damages without the strict proof required in unfair competition (R. 89) and in this regard cites the *Mishawaka* case of this Court (R. 89). Since damages were denied to respondent, and no appeal has been taken therefrom, this statement by the Trial Judge has no bearing on the present petition.

The Trial Judge also cites the case of *Thaddeus Davids Co.* v. *Davids Mfg. Co.,* 1914, 233 U. S. 461 (R. 93, note 13). There this Court interpreted the rights acquired by registration of a personal or family name, such as Brooks under the ten-year proviso of the Act; and in agreeing that C. I. Davids should be enjoined from using his own name, stated the exclusive "use as trade-marks for the stated period was deemed in the judgment of Congress a sufficient assurance that they had acquired a secondary meaning as the designation of the origin of ownership of the merchandise to which they were affixed

* * *. The use of the name in this manner was a mere simulation of the complainant's mark which it had duly registered; it constituted a 'colorable imitation' within the meaning of the Act." Hence, it is clear that Congress had the power to legislate upon the substantive law of trade-marks. *Rossman* v. *Garnier,* 211 Fed. 401, 405; *United States* v. *Steffens* (Trade-Mark Cases), 100 U. S. 82, 92. The registration by respondent under the ten-year clause conferred upon it statutory protection of its surname which it did not have at common law; and there was no error in the courts below so stating. Notwithstanding, the Trial Judge placed no importance upon the registration with reference to the basic rights of respondent. To the contrary, it was stated: "Both in the law of trade-mark and of unfair competition, the basic right of plaintiff derives from long use of the word 'Brooks' in its original and secondary meaning" (R. 78). "Here, as the evidence shows, through long use, the word 'Brooks' has become identified with clothes sold by the plaintiff" (R. 73).

The *Davids* case is clear authority that respondent was entitled to full and absolute injunctive relief, rather than mere qualified relief. Here petitioner has never had any one connected with its business bearing the name Brooks. The *Davids* case therefore applies with even greater force. As no one connected with petitioner has ever borne the surname, the right of respondent in and to this trade-mark is absolute and exclusive. *Howe Scale Co.* v. *Wyckoff,* 198 U. S. 118, 49 L. Ed. 972, 25 S. Ct. 609; *Brown Chemical Co.* v. *Meyer,* 139 U. S. 540, 35 L. Ed. 247, 11 S. Ct. 625; *McLean* v. *Fleming,* 96 U. S. 245, 24 L. Ed. 828. The rule is that while against persons bearing a different name the right of a manufacturer in his name is absolute and exclusive, as against persons bearing the same name such exclusiveness may not be sustained. *L. E. Waterman Co.* v. *Modern Pen Co.,* 235 U. S. 88, 59 L. Ed. 142, 35 S. Ct. 91; *Herring-Hall-Marwin Safe Co.* v. *Hall's Safe Co.,* 208 U. S. 554, 52 L. Ed. 616, 28 S. Ct. 350; *American Trading Co.* v. *H. E. Heacock Co.,* 285 U. S.

247, 76 L. Ed. 740, 52 S. Ct. 387; *Stephano Bros., Inc.* v. *Stamatopoulos,* C. C. A. 2, 1916, 238 Fed. 89, 91; *Durable Toy & Novelty Co.* v. *Chein & Co.,* C. C. A. 2, 1943, 133 F. 2d 853, affirming 47 F. Supp. 167, certiorari denied, 320 U. S. 211.

The cases petitioner cites are not to the contrary. The *Jacob Siegel* case (P.* 5) has no bearing. The Federal Trade Commission required complete discontinuance of "Alpacuna" because the clothing contained no vicuna fibers. This Court believed deception might have been avoided by some restrictive use and therefore remanded the case. There the petitioner was the only user of "Alpacuna" and the deception was in use of the mark itself, whereas here the inherent deception lies in the use of "Brooks" by two unrelated clothiers, with resultant injury and deception to the public and injury to respondent.

In both courts below petitioner requested that the decree be modified to permit it to use "Brooks" in some qualified form. After oral argument it applied to the District Court for modification of the proposed injunction to permit its use of "Brooks California" (R. 110-119). Before denying this request the Trial Judge stated "that I have read and studied carefully the new arguments, and given thorough consideration to the views presented * * * The opinion has been reread twice, at least. Once word for word, when I read proof for the official report of the case for Federal Supplement. I am satisfied with the conclusions reached, as I feel they achieve substantial justice. And I find no reason for modifying the judgment as asked by either side" (R. 126). After the Circuit Court on January 9, 1947 entered its per curiam opinion affirming the judgment (R. 1333), petitioner presented on February 7, 1947 to that court a request for a rehearing wherein it again asked that the decree be modified as to permit a restrictive use by petitioner of the "Brooks" trade-mark. Again this relief was denied (R.

* The brief of petitioner is designated by the letter "P."

1335). It follows that, unlike the *Jacob Siegel* case, here both courts below gave full consideration to the question of a modified decree.

Petitioner has cited several cases in which it was held that notations had become generic and were therefore open for fair use by all. In the *Shredded Wheat or Kellogg* case (P. 2) this Court held since the patent upon the pillow-shaped cereal biscuit had expired, the words were free for use by others since "sharing the good will of an article unprotected by patent or trade-mark is the exercise of a right possessed by all." In the *Selchow* case the Court found that the word "Parcheesi" was generic of the game originating in India and defendant was at liberty to use the word "Parchesi" for such a game.

In the *Rectanus* case (P. 3) the defendant in good faith had built up a large business in territory not previously occupied by the original user, whereas here respondent did a mail order business in California seventy-five years prior to any use of "Brooks" by petitioner. In the *Emerson* case (P. 3) the plaintiff sold electric fans, motors, generators, switches, transformers, coffee mills, pumps, lathes and other motorized electrical equipment under "Emerson"; and later Emerson, the defendant, began using his *own name* for radios, phonographs and television sets, products not sold by plaintiff. Since neither the goods nor the channels of trade were the same or even related, relief was denied. Here both are the same. Nor is the *Johnson* case (P. 6) in point. Defendant used his *own name* Johnson for cleaning fluid whereas plaintiff had previously used his own name Johnson for wax. As the goods were not the same and both parties were using their own names, a qualified decree issued permitting defendant to use Johnson with the word "Cleaner" thereafter in the same size type and his full trade name in equally large type.

The decision of this Court in the *Armstrong* case (P. 2, 8) supports our position that the right of petitioner to absolute relief at common law, irrespective of the federal registration, is as great as under the statute. This Court

stated: "Here we have a secondary meaning * * * This establishes, entirely apart from any trade-mark act, the common law right * * * to be free from the competitive use of these words as a trade-mark or trade name * * * the remedy for unfair competition is that given by the common law." Here respondent and its predecessors have used Brooks in one form or another for at least fifty-two years before the first trade-mark statute of 1870; and this fact, we submit, entitles it to full protection notwithstanding the added protection it secured through registration under the trade-mark statute.

There is no merit in the contention of petitioner that, with respect to the unfair competition phase of the case, the courts below did not apply the local law; and there is no merit to its contention that had the local law been applied, qualified or no relief at all would have been decreed. The courts below did apply the law of the California state courts. The decision, affirmed by the Circuit Court, states (R. 67), "the courts, in both trade-mark and unfair competition cases, have held that where the dominent (sic) portion of a trade-mark, trade name or business has become identified in the mind of the public with the first user, he will be protected in the use of the name, even against a newcomer having the same surname," and in support thereof, among others, the Court cites the California decisions in *Hoover* v. *Groger; Wood* v. *Peffer; Barnes* v. *Cahill; American Philatelic Society* v. *Claibourne,* and *Academy of Motion Picture Arts and Sciences* v. *Benson* (R. 94, note 17). The Court also stated: "Under the law of California, unfair competition may exist in the absence of fraud. See, California Civil Code, Section 3369; *Wood* v. *Peffer,* 1942, 55 C. A. (2) 124; *Pohl* v. *Anderson,* 1936, 13 C. A. (2) 241" (R. 99, note 29). On the question of the applicability of local law to the unfair competition phase of the case, the Trial Judge after stating this "phase of the case was decided more on the basis of federal than California decisions" (R. 127), continues in the same paragraph by stating "it is possible that the higher courts will hold that the California law would have war-

ranted the granting of broader relief to the plaintiff" (R. 127).

The petitioner, throughout its brief, erroneously argues its use of "Brooks" has been without fraud or misrepresentation. To the contrary, it has represented its business as that of respondent and has passed of its uniforms as those of respondent. In a radio announcement (Pltf.'s Ex. 14, R. 1115) it represents itself as having sold uniforms during World War I, whereas, in fact, it was not in business at that time and "the only Brooks which supplied such uniforms was the plaintiff" (R. 82). The conduct of the petitioner as found by the courts herein has not been such as to entitle it to exceptional consideration, and there seems to be no basis for seeking a review of the concurrent finding that petitioner unfairly competed. As often stated by this Court, its well settled rule is not to disturb concurrent findings of fact by two courts in the absence of very exceptional showing of error. *Baker* v. *Schofield,* 243 U. S. 114, 118; *Williams Mfg. Co.* v. *United Shoe Machinery Corp.,* 316 U. S. 364, 367; *Goodyear Tire & Rubber Co., Inc.* v. *Ray-O-Vac Co.* (Feb. 28, 1944), 88 L. Ed. 475, 476; *Tennessee Coal, Iron & Railroad Co.* v. *Muscoda Local No. 123* (March 27, 1944), 88 L. Ed. 610, 618.

The recent decision of the California state court in *Edward A. Winfield* v. *Emerson Winfield Charles,* 77 A. C. A. 80, 1946, 2d Dist., Div. 2, clearly shows that the local law of California is the same as the law applied by the courts below. In that case an absolute injunction issued against the use of a surname not that of the newcomer, and the Court stated: "It is unnecessary * * * to show that any person has been confused or deceived. It is the likelihood of deception which the remedy may be invoked to prevent. * * * 'It is sufficient if the injury to the plaintiff's business is threatened, or imminent to authorize the court to intervene to prevent its occurrence' * * * 'The universal test question is whether the public is likely to be deceived.'" Additionally, the denial to petitioner of a qualified injunction is

in keeping with a prior decision that has come before this Court from the Ninth Circuit. In *Tillman & Bendel* v. *California Packing Corporation,* 63 F. 2d 498, certiorari denied 290 U. S. 638, 54 S. Ct. 55, 78 L. Ed. 498, the use of the mark "Del Monte" with the name of the manufacturer placed in smaller type beneath did not discharge a duty to avoid confusion. The California state court cases cited by petitioner are not to the contrary. The *Modesto* (P. 17) and *Eastern-Columbia* (P. 17) cases are clearly distinguishable. Both involved the highly descriptively geographic terms "Modesto" and "Western-Columbia", and the California state courts applied the rule that anyone may fairly label his goods to designate their place of manufacture. In the *Dodge* case (P. 17) the California state court expressly recognized the rule that an absolute injunction will issue against use of a family name where such relief is "absolutely essential to prevent a continuance of the fraud and the ensuing damage" (884). There Dodge sold all his stock in the plaintiff company, and the court held this did not divest the corporation of the right to continue to use the family name Dodge in its business, nor could he sell to still another corporation the right to use his name. Here the principals of petitioner are Greenbergs, not Brookses. No one of the name of Brooks has ever been even a stockholder in the corporate petitioner. It is hard to see how petitioner can derive any comfort from this case.

The facts of the *Waltham Watch* case (P. 23) are entirely different, it being suffice to state that plaintiff had done business so long in Waltham, that the public came to call its products "Waltham watches". Later defendant opened a rival factory in Waltham and placed "Waltham" on the dial of the watches. To protect the secondary meaning plaintiff had acquired but at the same time to permit the defendant to state his watches were made in the City of Waltham, the court forbade the use of "Waltham" on the dials or in advertising but allowed defendant to put "Waltham, Mass." inside his watches where "the wheels go round," thus informing watch-stores of his address. The

present case creates no such difficulties. The *Eastern Wine* case (P. 24) is no more in point. The court found "Chateau" was *publici juris* for wine and hence plaintiff as prior user of "Chateau Martin" could not enjoin use of "Chateau Montay". There was neither a showing of confusing similarity in the marks nor that purchasers had been confused. The quotation petitioner sets forth (P. 24) from this case does not apply here. Finally, the citation of the *Socony-Vacuum* case (P. 23) appears no more relevant than the others. Defendant had used many designs of flying horses but none simulating the flying red horse of plaintiff until after plaintiff has begun to enter the territory in which defendant did business. The court held this use of a horse design which was indistinguishable from the symbol of plaintiff unfair competition and absolutely enjoined its use.

The cases which petitioner cites in support of its contention that the unfair competition phase of this case should have been decided by local law, are not conclusive. The *Pecheur* case (P. 7) is not in point as there this Court found the trade-mark in issue had not been registered under the Federal Act but rather under the Copyright Law, and the case was remanded to apply the local law, which this Court held was applicable to unfair competition and common law "trade-mark infringement". Here a registered mark is involved; and, as stated, the local law was applied by the Trial Judge to the unfair competition phase of the case. The *Fashion Originators* case (P. 7) was not a trade-mark case involving a registered mark, rather it was held that the local law applies where an organization attempts to boycott its member retailers who copy dress styles uncopyrighted by the originators but "filed" with the organization.

Cases arising out of unfair competition are analogous to those which arise out of violations of trade-marks, and are subject to the same rules. *Lawrence Mfg. Co.* v. *Tennessee Mfg. Co.*, 138 U. S. 537, 11 S. Ct. 396, 34 L. Ed. 997. In *Erie R. Co.* v. *Tompkins*, 304 U. S. 64, 82 L. Ed. 1188, 58 S. Ct. 817, neither a registered trade-mark under the federal

law was involved nor was it shown that the acts complained of directly affected interstate commerce; and, hence, it was held the local, state law applied. Here respondent is owner of a certificate granted under the federal law and petitioner (R. 801, 802, 803, 839, 871) and respondent do interstate business. Accordingly, here the action for unfair competition is predicated upon acts affecting or involving the use in interstate and foreign (R. 803, 871) commerce of a trademark registered under federal law, and the rights and liabilities of the parties are governed by federal rather than state law; or, at least, the Trial Judge in this case was entitled to exercise an independent judgment in determining questions of substantive rights and was not bound to follow strictly the decisions of the state courts. *Philco Corp.* v. *Phillips Mfg. Co.*, C. C. A. 7, 133 F. (2d) 663; see also § 92, 52 Am. Jur. 573, 148 A. L. R. 125, 164. However, since the Trial Judge did apply and follow the decisions of the state courts of California, the contentions of petitioner, that the local law was not applied and had it been applied a different result would have been reached, are wholly unfounded.

Upon the question of laches the courts below applied the law of this Court, of the Ninth Circuit Court and of the state courts of California. The rule is that laches is a question of fact addressed to the sound discretion of the Trial Judge and his decision will not be disturbed unless it is so clearly wrong as to amount to an abuse of discretion. *The Kermit*, C. C. A. 9, 76 F. 2d 363, 367, certiorari denied, *Lamborn* v. *American Ship & Commerce Nav. Co.*, 296 U. S. 581, 56 S. Ct. 93, 80 L. Ed. 411. Here there are two concurrent findings of the fact that any delay in the bringing of this action was not sufficient to bar the injunction but was sufficient to bar damages and profits to respondent. Notwithstanding, petitioner now argues that since respondent should have had knowledge of the activities of defendant, this is equivalent to actual knowledge. This is without merit. The rule of this Court is that acquiescence and waiver are always questions of fact and there can be neither without actual

knowledge. *Pence* v. *Langdon,* 99 U. S. 578, 581, 25 L. Ed. 420; *Dickerson* v. *Colgrove,* 100 U. S. 578, 580, 25 L. Ed. 618; *Wiser* v. *Lawler,* 189 U. S. 260, 23 S. Ct. 624, 47 L. Ed. 802; *Standard Oil Co. of Colorado* v. *Standard Oil Co.,* C. C. A. 10, 1934, 72 F. 2d 524, 527, certiorari denied 56 S. Ct. 216. The rule of the Ninth Circuit Court is the same. *California Packing Corporation* v. *Sun Maid Raisin Growers of California,* C. C. A. 9, 1936, 81 F. 2d 674. Under the state law of California acquiescence is where a person *knows* that he is entitled to impeach a transaction or to enforce a right and neglects to do so for such a length of time that under the circumstances of the case, the other party may fairly infer that he has waived or abandoned his right. *Scott* v. *Jackson,* 89 Cal. 258, 262.

The rule of this Court is that mere delay cannot defeat the remedy by injunction in support of the legal right, unless it has been continued so long and under such circumstances as to defeat the right itself. *Menendez* v. *Holt,* 128 U. S. 514, 523. This Court will not, in general, refuse an injunction on account of delay in seeking relief where the proof of infringement is clear, even though the delay may be such as to preclude the party from any right to account for past profits. *McLean* v. *Fleming,* 96 U. S. 245, 253.

These two decisions of this Court have been followed by the Ninth Circuit Court in this and in other cases. *Matzger* v. *Vinikow,* C. C. A. 9, 1927, 17 F. 2d 581, 583; *Golden West Brewing Co.* v. *Milonas & Sons,* C. C. A. 9, 1939, 104 F. 2d 880, 881-2; *Fairbank* v. *Lukel,* C. C. A. 9, 1902, 116 Fed. 332, 333.

The state courts of California follow the federal law and the law of this Court. In *Hall* v. *Holstrom,* 106 Cal. App. 563, 289 Pac. 668, it was stated, "laches may, under some circumstances, bar an accounting for past profits, but under no circumstances will it bar an injunction against a further continuance of the wrong." To the same effect are *Schmidt* v. *Brieg,* 100 Cal. 672, 682, and *Nolan Bros. Shoe Co.* v. *Nolan,* 131 Cal. 271, 63 Pac. 480. It follows that the statements by petitioner that if California law is applied it must

be held laches bars all relief (P. 16) and that it must be held that respondent would have been charged with use by petitioner long before 1939 (P. 17), are entirely contrary to the reported decisions of the state courts of California.

The California state court decision cited by petitioner did not concern laches. The opinion in the *Barthelmess* case (P. 17) was written by Judge Yankwich, who was the Trial Judge in this case. In that case it was held that the *bona fides* of a purchaser of a negotiable instrument is not affected by mere knowledge of facts sufficient to put a prudent person on inquiry. The *Dolch* case (P. 17) is even less relevant. It involved the wrongful taking of gold from the land of another. Posts showing ownership in plaintiff were on the land at the time of the trespass; and one of the roads defendant built ran within fifty feet of one of these. The Court held defendant had constructive notice that the land was owned by plaintiff. Neither case has anything to do with laches.

Petitioner argues (P. 16) that the rule of this Court in the *Menendez* case and of the Ninth Circuit Court in the *Golden West Brewing* case should not apply here as there has been no fraud upon the part of petitioner; and, in support of this, it cites the *Proctor & Gamble* case (P. 17). In that case the Court expressly held the *Menendez* case did not apply as in the *Menendez* case "there was a bodily appropriation of the trade-mark by the defendant constituting actual and continuing fraud." Here petitioner has bodily appropriated "Brooks" and in its advertising it falsely states it is the same Brooks that sold uniforms during World War I. The other cases petitioner cites are no more in point.

The case of *Dwinell-Wright Co.* (P. 6) was clearly a case of acquiescence rather than mere laches. Plaintiff used "White House" for coffee and the defendant later used the same mark for evaporated milk. Plaintiff in 1920 knew a predecessor of defendant was using the mark and in 1928 even suggested that the two marks be advertised together in A. & P. Stores. This was done, and as late as 1940 plaintiff

for the first time protested; and, still later, brought suit. Relief was denied. The *Saxlehner* case (P. 18) involved infringing use in this country of "Hunyadi" for mineral water, and with full knowledge for ten years by the plaintiff and originator in Hungary. Since the plaintiff was attempting to protect his mark in his native land, this Court held he was justified in not suing here; and, since he brought suit here as soon as he was successful in Hungary, there was not such laches as would bar recovery of all profits made by the fraudulent infringer here. It is hard to see how petitioner can gain any comfort from this case.

The *Knights of Pythias* case (P. 18) was not strictly a trade-mark action as the parties were fraternal organizations and sold no trade-marked goods. This Court found "the field of operation of the orders being absolutely different," (251). The case has no bearing on the issues here involved. The *Valvoline* case (P. 18, 20) reveals that defendant had built up with full knowledge of plaintiff a large national business under "Havoline" which it had extensively advertised. The question of laches was moot as the Court stated: "* * * when I heard 'Havoline' * * * it would not suggest 'Valvoline' to me." It also stated (194, 195): "Where a trade-mark is bodily appropriated, as in Menendez v. Holt, the courts will grant injunctive relief, although in some instances denying an accounting * * * There are cases where delay is excusable * * * because a person unfamiliar with the subject-matter is ignorant of his rights * * *." The *Old Lexington* case (P. 19) did not involve injunction proceedings. Rather it was a cancellation of a trade-mark registration. Since plaintiff knew of use of the mark by defendant for more than fifteen years relief was denied.

The *France Milling* case concerned use by defendant of "Gold Medal" for wheat flour after use for twenty years by plaintiff of the same mark for prepared pancake and buckwheat flour. Defendant counter moved against plaintiff to secure a preliminary injunction upon the ground plaintiff for over twelve years purchased flour of defen-

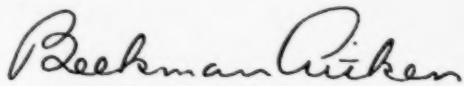
dant and knew of its use. The motion of defendant was denied since it knew of the prior use by plaintiff, but defendant was permitted to continue to use the mark for the wheat flour, as the court considered the pancake and buckwheat flours "in a class by themselves." Since here both parties sell clothing and the courts below found plaintiff knew of defendant's use as recently as 1939, the case is not applicable. The *French Republic* case (P. 20) was a case of acquiescence rather than mere laches. The French proprietors of "Vichy" for mineral water for twenty-five years permitted the defendant and others to sell various artificial waters everywhere under the name of Vichy. This Court held that knowledge of these infringements were to be presumed from their notoriety and since the plaintiff had allowed the name to become general and indicative of the character of the water, relief was denied. Finally, the *Whittmore* case (P. 20) was also a case of acquiescence rather than mere laches. Both parties for twenty years and in and about the same City of Boston sold the same product, shoe polish, under the same mark "Superb". As the court, in addition, found that priority of use was in doubt, plaintiff was not entitled to relief.

Any claim by petitioner that respondent has unduly delayed is far off-set by the fact petitioner knew of respondent and its business when the petitioner was incorporated in 1930. Laying aside all controverted issues, the petitioner, long before its business became substantial, learned that the use of "Brooks" in the clothing business would be likely to interfere with the old and well known name of respondent. Thereafter it went on at its peril, even though its original purpose may have been innocent. *R. B. Davis Co.* v. *Davis*, C. C. A. 2, 1935, 75 F. 2d 499, 500 (Judge Learned Hand).

## CONCLUSION.

This petition should be denied as it presents no questions other than questions of fact already determined by both the District and Circuit Courts, and without conflict to the decisions of this Court; and, upon the unfair competition phase of the case and the issue of laches, there is no conflict with the decisions of the state courts of California. This Court is respectfully urged to affirm these factual findings of both courts below and to deny this petition.

Respectfully submitted,



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